



LETTER TO THE DIRECTOR - P. 1/2

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May 14, 1996

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, D.C. 20554

Re: Interconnection NPRM -  
CC Docket No. 96-98

Dear Mr. Caton:

Teleport Communications Group Inc. ("TCG") hereby gives notice of an ex parte presentation in the above-referenced proceeding. Robert C. Atkinson and Gail Schwartz of TCG met with John Nakahata of Chairman Hundt's office on May 13, 1996 and provided to him and to Richard Metzger of the Common Carrier Bureau the attached document.

Very truly yours,

Robert C. Atkinson

Attachment

cc: John Nakahata  
Richard Metzger (with attachment)

Ad 1

## FCC STANDARDS FOR ARBITRATION OF SEC 252. INTERCONNECTION AGREEMENT

The FCC will apply the following Standards for Arbitration when:

- a) The Commission acts under Sec. 252(e)(5) when a State Commission has failed to act;
- b) The Commission makes a determination in accordance with Sec. 271(d)(3) that the requested authorization is consistent with the public interest, convenience and necessity. There will be a rebuttable presumption that an Interconnection Agreement that contains arbitrated provisions which do not satisfy these Standards for Arbitration will be inconsistent with the public interest in a vigorously competitive local exchange market.

Where parties have failed to reach agreement through bilateral negotiation and seek arbitration pursuant to Sec. 252 (b), the Arbitrators shall require the following:

### 1. Physical Interconnection of Networks

#### A. Fundamental Principles [Sec. 251(a)(1), (c)(2),(c)(6); Sec. 271(c)(2)(B)(i)]

- (1) For every network interconnection not established by mutual agreement, the ILEC must offer ~~and the~~ Interconnector may select from any of the following optional arrangements:
  - a. Physical collocation of the Interconnector's transmission equipment at the ILEC's wire center;
  - b. Virtual collocation, where Interconnector prefers such an arrangement or where the State Commission has determined that physical collocation at a particular wire center is technically impractical or because adequate space is unavailable; or,
  - c. Mid-span meet, provided that mid-span meet point shall be no more than [one] mile from the ILEC's wire center.

#### B. Pricing Standards [Sec. 251(b)(5); Sec. 252(d)(1)]

- (1) ILEC's prices charged for physical collocation or virtual collocation will consist of a non-recurring charge that recovers the reasonable cost of one-time expenses, such as site preparation and the purchase of any necessary equipment, plus monthly reimbursements for any maintenance and for electrical power, ventilation and other environmental factors
  - a. If Interconnector is not satisfied with the non-recurring costs or recurring maintenance charges proposed by ILEC, Interconnector may itself or

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through contractors approved by ILEC (such approval not to be unreasonably withheld) do the site preparation, equipment installation or maintenance subject to reasonable practices and procedures established by ILEC to maintain the safety and security of the wire center.

- b. If Interconnector is not satisfied with the transmission equipment selected by ILEC or the recurring charges for transmission equipment proposed by ILEC, ILEC shall lease from Interconnector for a nominal fee or purchase from Interconnector for a nominal fee subject to Interconnector's right to repurchase for a nominal fee, the transmission equipment specified by Interconnector.

- (2) Each carrier will bear its own costs to establish and maintain a mid-span meet arrangement.
- (3) ILEC will not impose reconfiguration, rearrangement or similar charges on Interconnector or Interconnector's customers when active services or facilities are reterminated to the Interconnector within 90 days of the inauguration of the particular interconnection arrangement.

**C. Performance Standards and Penalties**

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**2. Access to Unbundled Network Elements**

**A. Fundamental Principles [Sec. 251 (c)(3); Sec. 271(c)(2)(B)(iv),(v),(vi);]**

- (1) ILEC will provide Interconnector with access to the following unbundled Network Elements through physical interconnection arrangements:
- Local loop transmission from the central office to the customer's premises;
  - Local transport from the trunk side of a wireline ILEC switch; and,
  - Local switching.

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- (2) ILEC will provide Interconnector with efficient unbundled access to databases and associated signaling necessary for call routing, completion and billing and will establish electronic interfaces between ILEC's and Interconnector's ancillary systems such as ordering, installation, reconfiguration, trouble reporting and maintenance.

### B. Pricing Standards [Sec. 252(d)(1)]

- (1) ILEC's prices will be no greater than the incremental cost of providing the Network Element, plus a reasonable profit, and will be no less favorable than prices charged to any other entity, regardless of quantity, term or other conditions.

### C. Performance Standards and Penalties

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## 3. Transport and Termination of Traffic

### A. Fundamental Principles [Sec. 251(b)(5); Sec.271(c)(2)(B)(xiii)]

- (1) Under the initial reciprocal compensation arrangement in effect from the date of this arbitration until the inauguration of a reciprocal compensation arrangement based on additional costs, each LEC will reciprocally Transport and Terminate traffic originated on the network facilities of the other LEC that is delivered to the terminating carrier at a network interconnection point without explicit charges (i.e., "bill and keep").
- (2) A reciprocal compensation arrangement based on additional costs shall be inaugurated no earlier than 24 months from the effective date of the interconnection agreement.
- a. ILEC's terms and conditions for Transport and Termination of CLEC's traffic under an arrangement based on additional cost will be no less favorable than the terms, and conditions provided to any other carrier.
- (3) For services such as Local and IntraLATA "toll free" calling where the receiving consumer pays for the call, the carrier originating the call shall charge the terminating carrier the costs associated with data base dips and record charges.

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### B. Pricing Standards [Sec. 251(b)(5); Sec. 252(d)(2)]

- (1) During the term of the initial reciprocal compensation arrangement, it is expected that neither ILEC nor CLEC will incur any additional costs to Transport and Terminate the other carrier's traffic. Therefore, the reciprocal termination of traffic at no explicit charge under the initial arrangement will constitute a reasonable approximation of the cost of any net additional capacity required by each carrier to Transport and Terminate traffic the other carrier's traffic.
- (2) While the initial compensation arrangement is in effect, each LEC may determine whether the Termination and Transport of traffic originated on the other LEC's network is or is likely to be the sole cause of a net increase in the capacity of the terminating LEC's tandem switches, transport system or terminating switches and, if so, the approximate additional cost of such increased capacity.
  - (a) If one LEC determines that it will incur additional net costs as a result of transporting and terminating the other carrier's traffic (taking account the equal costs it will save as the result of the other LEC terminating traffic that it would otherwise have terminated), on [12] months' notice (such notice not to be given earlier than [24] months after the effective date of the arbitration decision) and in the absence of an agreement between the LECs concerning charges, it may propose monthly capacity (not usage) charges intended to recover such net additional costs.
  - (b) The LEC proposing to assess capacity charges must include with its proposal sufficient data and information (subject to normal confidentiality restrictions) so that the other LEC can determine whether the proposed charges are reasonably likely to recover no more than the net additional cost caused by the Transport and Termination of its traffic.
  - (c) If, after good faith negotiations, one LEC objects to the charges proposed by the other LEC within [6] months of receiving the proposal, the determination of whether the proposed charges are a reasonable approximation of the net additional costs incurred by the proposing LEC to Transport and Terminate the other LEC's traffic shall be submitted to binding commercial arbitration.
  - (d) Rates determined by binding commercial arbitration will go into effect six months after the arbitration decision is rendered or any later date established by the arbitration.

### C. Performance Standards and Penalties

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**4. Wholesale Access to Retail Services**

**A. Fundamental Principles [Sec. 251(c)(4)]**

- (1) The ILEC will offer to Reseller at a wholesale price each service it provides to retail customers, on terms and conditions that are no less favorable than those offered to any other Reseller after giving effect to any term and volume discounts.

**B. Pricing Standards [Sec. 252(d)(3)]**

- (1) ILEC's price charged to Reseller for each service will be the lower of:
- a. the lowest retail price actually charged and collected by the ILEC, including retail prices offered under contract or pursuant to term or volume discounts, less any credits or rebates actually provided to such customers.
  - b. the wholesale rates determined by the State Commission on the basis of ILEC's avoided costs.
  - c. wholesale rates negotiated with Reseller or any other entity, including ILEC's agents and resellers.

**C. Performance Standards and Penalties**

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**5. Emergency Services (911, E911, 0-) [Sec. 271(c)(2)(B)(vii)]**

**A. Fundamental Principles**

- (1) Each carrier will cooperate to ensure the seamless operation of emergency call networks, including 911, E-911 and 0- calls.
- (2) ILEC will permit CLEC to interconnect to the ILEC 911/E-911 tandems which serve the areas in which CLEC provides exchange services so that CLEC's customers may place calls to Public Safety Answering Points (PSAPs) by dialing 911

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- (3) CLEC and ILEC will work cooperatively, including meeting with PSAP operators and county and municipal government officials, to explain CLEC's interconnection with the Public Safety emergency network.
- (4) ILEC will provide CLEC with an electronic interface through which CLEC will update the 911/E-911 database with information for TCG customers.
- (5) ILEC will not use information obtained from CLEC in connection with establishing and maintaining the 911/E-911 databases for any purpose not directly associated with the operation of the Public Safety network.
- (6) ILEC will provide CLEC with the ten-digit subscriber number for each PSAP which sub-lands each ILEC 911 tandem to which CLEC is interconnected so that CLEC or its Operator Services contractor may transfer 0- calls to the PSAP.
- (7) Every six months ILEC will provide to CLEC at no cost a copy of the current Master Street Address Guide for each area served by CLEC.

**B. Pricing Standards**

- (1) ILEC will charge CLEC rates that recover only the reasonable approximation of any additional cost incurred by ILEC to provide Transport and Termination of CLEC's 911/E-911 traffic that terminates at ILEC's 911 tandem.
- (2) Except for such Transport and Termination charges, neither LEC shall charge the other for any other service, activity or facility associated with its provision of 911/E-911 services.
- (3) The ILEC shall provide CLEC with CAMA trunks at no cost where the ILEC recovers its costs from a public fund to which CLEC's customers contribute.

**C. Performance Standards and Penalties**

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**7. Interim Number Portability**

**A. Fundamental Principles**

- (1) Until the implementation of permanent Service Provider Number Portability (SPNP) in

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accordance with rules set forth by the FCC or State commission, CLEC and ILEC shall provide Remote Call Forwarding or other Interim Number Portability capabilities to each other.

### B. Pricing Standards

- (1) Such interim arrangements shall be provided at no cost to the LEC receiving the calls to the forwarded number or to the consumers who retained their numbers, in order to mitigate the significant impairment of functioning, quality, reliability, and convenience these interim arrangements entail.
- (2) In the event that either LEC elects to use an interim number portability service, the LEC forwarding the call shall transfer to the LEC receiving the forwarded call the full amount of any access charges collected from an interexchange carrier for traffic ultimately terminated on the receiving LEC's network.

### C. Performance Standards and Penalties

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### 8. Fresh Look

- A. When the first physical interconnection occurs at an ILEC wire center, the ILEC will offer each customer located within the area served by such wire center the option of terminating without termination liability or penalty any contracts with remaining terms longer than six months from the date of the inauguration of the first interconnection arrangement at the wire center or six months from the date of this arbitration decision, whichever is earlier.

### 9. Most Favorable Terms and Treatment

- A. If LEC enters into any other interconnection agreement or arrangement or if the FCC or a State regulatory commission requires or approves an Interconnection Agreement which contains provisions which are, in CLEC's opinion, more favorable than the provisions of any Interconnection Agreement to which it is a party, CLEC may substitute the other Agreement in its entirety.
- B. ILEC will treat CLEC in all respects no less favorably than any other carrier or customer with which it interconnects.



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**10. Binding Arbitration**

- A. Any controversy or claims arising out of or relating to Agreement or any breach hereof, shall be settled by arbitration in accord with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). Unless the parties shall otherwise agree, such arbitration shall be held in New York City, New York. Written notice of intent to arbitrate shall be served on the opposing party at least twenty (20) business days prior to the filing of such notice at the appropriate AAA regional office.
- B. The parties agree to request an expedited hearing before the AAA and, if the AAA can arrange such, the hearing shall commence within sixty (60) days of the filing of the arbitration claim. If the AAA is not able to arrange for the hearing to be held within sixty (60) days of such filing, then the hearing shall commence on the AAA's first available date thereafter, but within ninety (90) days of the original filing of the arbitration claim.
- C. The AAA panel shall award costs, including reasonable attorney's fees to the successful party at the conclusion of the hearing. Should any party refuse to arbitrate controversies or claims as required by this Agreement, or delays the course of arbitration proceedings beyond the times set, or permitted by the AAA panel, then such party shall pay all costs, including reasonable attorney fees, of the other party, incurred with respect to the entire arbitration and/or litigation process, even though such refusing or delaying party may ultimately be the successful party in the arbitration and/or litigation.
- D. The judgment upon the award rendered may be entered in the highest Court of the forum capable of rendering such judgment, either State or Federal, having jurisdiction and shall be deemed final and binding on both of the parties.